DEED OF RECORD (*proces-verbaal*)

On the twentieth day of April two thousand and ten as of ten hours and thirty-one minutes in the morning, I, Dirk-Jan Jeroen Smit, civil law notary, officiating in Amsterdam, the Netherlands, have attended the Annual General Meeting of Shareholders of **Reed Elsevier N.V.**, a public company with limited liability (*naamloze vennootschap*), incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands and its office address at Radarweg 29, 1043 NX Amsterdam, the Netherlands (the ***Company***), held in the Marriott Hotel, Amsterdam, the Netherlands, with the purpose of taking notarial minutes of this meeting.
I, Dirk-Jan Jeroen Smit, aforementioned, established the following:
The meeting is chaired by Mr Anthony Habgood, the Chairman of the Supervisory Board of the Company.

1. Opening.

The **Chairman** opens the meeting and welcomes all attendees. He notes that this meeting is also attended by the external auditor of the Company, Deloitte Accountants B.V. He will be available to respond to any questions relating to his report on the fairness of the financial statements tabled under agenda item 4.
Mrs Jans van der Woude is appointed as secretary of this meeting. A notarial deed of record of this meeting is to be prepared by Mr Dirk-Jan Smit, civil law notary, who is attending this meeting for that purpose.
Mr David Reid, member of the Supervisory Board is not able to attend the meeting due to other prior commitments and sends his apologies. Mr Andrew Prozes, member of the Management Board, and Mrs Lisa Hook, Lord Sharman, and Mr Robert Polet, members of the Supervisory Board, have had to cancel their planned attendance last minute due to the unprecedented flying restrictions. The minutes of the last Annual General Meeting of Shareholders have been made available for public inspection since one September two thousand and nine at the offices of the Company and on Reed Elsevier's website, while these are also available at the entrance of this meeting.
The meeting will be partly held in Dutch and in English, while a simultaneous translation is available through means of headphones.
The **Chairman** records that the meeting has been duly convened in accordance with the legal and statutory requirements:

(i) the convocation for the meeting has been published in het Financieele Dagblad (nationally distributed daily newspaper) on the eighteenth day of March two thousand ten and on the securitiesinfo.nl website of Euronext NYSE;

(ii) it is mentioned in the convocation that the entire agenda of the meeting, the explanatory notes of the agenda, the Annual Financial Statements 2009, including the annual accounts and the auditors' statement, information about the re-appointment of the members of the Supervisory Board and the appointment of the member of the Executive Board, are available for inspection in the Company's office and in the office of The Royal Bank of Scotland N.V. These documents were made available to the shareholders and to the usufructuaries and pledgees of shares to whom the voting rights accrue at the office of the Company, free of charge and this information was also made available on Reed Elsevier's website since eighteen March two thousand nine.

The **Chairman** concludes that valid resolutions can be passed on all subjects on the agenda of the meeting. Since the voting at this meeting will take place electronically, only in cases of doubt, the number of votes casted against a proposal will be mentioned. The voting instructions received before this meeting will be taken into account. Given the available time, it may be necessary that the precise result of the voting will only be made public at the end of the meeting.
While the information about the attendance list and the number of votes cast is not yet available, it is proposed to proceed with the agenda in anticipation of this information.
The **Chairman** requests the audience to use one of the available microphones and to identify themselves by mentioning their name and the party represented by them when addressing the meeting or the Boards. The time per speaker may be limited in order to allow all shareholders to actively participate in this meeting. At the request of the **Chairman**, a hostess explains how the votes can be cast by means of the electronic voting system machine when being asked to vote on a resolution as projected on the video screen.
The **Chairman** informs the meeting what a pleasure it is to be chairing his first Reed Elsevier Annual General Meeting of Shareholders. The order of the Annual General Meeting of Shareholders' has changed this year: the Reed Elsevier PLC Annual General Meeting of Shareholders will be tomorrow. This past year has not been an easy one for Reed Elsevier in what was a particularly difficult economic environment. Despite that, the constant currency results for 2009 were relatively robust given the depth of the global recession. During 2009 the balance sheet was substantially strengthened by both good cash generation and by the equity placing that the Company did in July. This placing has enabled the Company to maintain our credit rating albeit at the expense of some 4% earnings dilution both in 2009 and prospectively in 2010. Erik Engstrom was appointed as Chief Executive Officer in place of Ian Smith who stood down from that role. Erik has spent the past five years successfully developing the Elsevier worldwide scientific, technical and medical business. With his experience in the global media sector from elsewhere and five years as an Executive Director of Reed Elsevier, Erik has hit the ground running and the Chairman is delighted with the way he has settled into his new role.
As predicted and as Erik will elaborate shortly, the late cycle nature of some of the Reed Elsevier markets is making for a tough environment in two thousand and ten. Nonetheless, the fundamentals of the business are strong, the balance sheet is in good

shape and there is now new management in place with the background, experience and ambition to drive the business forward and create shareholder value.
The **Chairman** reports that the holders of the following number of shares (including the shareholders who are participating in the Shareholder Communication Channel) have been registered for this meeting:

- three hundred seventy million two hundred seventy thousand one hundred and ninety-eight (370,270,198) ordinary shares, having a nominal value of seven eurocents (€ 0.07) each; and
- four million three hundred three thousand one hundred and seventy-nine (4,303,179) class R shares, having a nominal value of seventy eurocents (€ 0.70),

as a result of which four hundred thirteen million three hundred and one thousand nine hundred and eighty-eight (413,301,988) votes can be casted. The actual nominal share capital represented at this meeting is fractionally lower because not all shareholders who registered for the meeting were able to attend in person. The exact portion of the issued and outstanding share capital of the Company which is present will be made known at the moment the voting results are made public. The entire issued share capital of the Company amounts to fifty-two million euros (€ 52,000,000), divided into seven million (700,000,000) ordinary shares and four million and three hundred thousand (4,300,000) Class R shares. This means that approximately fifty-five point sixty-four percent (55.64%) of the entire issued and outstanding share capital is present or represented.

2. Annual Report 2009.

The **Chairman** continues with the Annual Report of the Executive Board and the Supervisory Board. It is noted that the official Annual Report 2009 is constituted by the Reed Elsevier Annual Reports and Financial Statements 2009., The statutory annual financial statements of the Company with explanatory notes, together with the opinion of the external auditors as well as the reports from the Executive Board and the Supervisory Board are contained therein from page 161 and onwards. The consolidated financial statements for Reed Elsevier are part of the notes of the statutory financial statements. The various statements and reports of the corporate bodies, such as the Corporate Governance Report and the report of the Audit Committees, the Remuneration report, the operational reports, the report from the Chief Financial Officer and the Corporate Social Responsibility report are all part of the Company's annual report. The Annual Report 2009 has been made available for public inspection per the moment of the convocation notice of this meeting, at the offices of the Company, on Reed Elsevier's website and is also available at the entrance of the room.
Mr Erik Engstrom, the Chief Executive Officer of the Company, gives a presentation on the developments and the business achieved in two thousand and nine and the trading outlook.
In this presentation (a copy of which is attached hereto as *Annex 1*), **Mr Erik Engstrom** discusses the financial highlights of two thousand and nine, the financial performance, the revenue, the outlook for two thousand and ten and the share performance.
Mr Melchers , analyst, has a a question regarding the strategy in South America and Asia: what the potential growth and turnover is in South America and Asia? He wonders whether the profitability of the activities in health, science and legal will be

as profitable as in the United States and Europe or whether there something different happening in these markets.
Mr Erik Engstrom responds that the BRIC markets and also other emerging markets are very important for the Company. These are a clear focus of the growth strategy inside all the businesses. Starting with Elsevier, the markets outside North America and Europe represent roughly over twenty percent (20%) of the business. The growth rates in those markets are significantly higher than in the traditional markets. There has been a significant growth of revenue, for example in China, India and Brasil. There has also been a significant growth in content sourcing from those countries. For example content that was sourced in China has doubled over the last five years. For Elsevier, it is a global scientific network. Science technology and medicine are growing very rapidly in those countries. The other markets are different. In the legal markets the development is slightly slower than the scientific and technology investments. There is great progress in those markets in respect of the exhibitions business. There is more operation in the local language businesses. In Reed Business – except the data services area - there is also large international expansion.
Mr Melger continues that his second question was about the profitability. He asks if it is the expectation that in science and health, markets like India and China are going to be as profitable as the high profit margins that Reed Elsevier has in the United States and Europe.
Mr Erik Engstrom responds that in many of the growth markets, whether they are geographic growth markets of other growth markets, when you are making investments and you are going after growth, for a period of time you would see slightly lower margins than you see in the mature markets. However, there is no reason that in the long run there is an inherent structural reason why the margins should be lower in those markets than it is in any other geographic area.
Mr Keyner, representing the Vereniging van Effectenbezitters, the Dutch investors association and also speaking on behalf of the one hundred fifty-five (155) small investors who collectively own about two hundred thirty-one thousand shares (231,000), has a question concerning Reed Exhibitions and the explanation that this is a cyclical business and on the downturn. How far is Reed Elsevier in developing ideas to sell this business as soon as it is in an up-cycle and re-invest the money into more defensive parts of the business?
Mr Erik Engstrom responds that there are no plans to divest the Reed Exhibitions business. There are large efforts to increase the shareholders' value over a period in time and it is now near an absolute cyclical low inside the exhibitions business and probably also in the perceived value of this business. The business has good cash flow characteristics, good returns on its new launches and on its small acquisitions. It is a well-run business and the global leader in its fields.
Mr Keyner wonders why such a cyclical business is in the Reed Elsevier portfolio considering the other major parts of the business?
Mr Erik Engstrom was appointed Chief Executive Officer since November and cannot answer why in the past the Exhibitions business was added to the Reed Elsevier activities . However, he is very clear that Reed Elsevier will keep it, now they can see significant value increases to the shareholders in this business over the next few years.
Mr Keyner gives an example of the recent investment, ChoicePoint, where some positive remarks have been made on the first developments, encouraging returns of around six percent (6%) net profit on an investment of four point one billion euros

(€ 4,100,000,000). What is the expected target return for the four point one billion euros (€ 4,100,000,000) on a yearly basis?
Mr Erik Engstrom mentions that Mark Armour will elaborate on specific acquisition criteria and return over time, but he will answer the question first more broadly on the ChoicePoint acquisition. He is happy that the Company has acquired the ChoicePoint business. After having owned the business for a full year during a severe economic downturn and a severe downturn in some of its segments, Reed Elsevier managed to increase the like-for-like profits of this business by forty-four percent (44%) in a year when the economic downturn was severe.
Mr Mark Armour, Chief Finance Officer, agrees that the six percent (6%) post-tax return on ChoicePoint in the first full year of ownership is a very good start. As pointed out by Erik, the profitability increase with forty-four percent (44%) in the first year and returns will continue to grow from there. For the acquisitions, you typically see in the first year a relatively low cost capital and the six percent (6%) is not that low. Overall, the Company looks for our returns on capital significantly in excess to our cost of capital.
Mr Keyner asks how much this cost of capital is.
Mr Mark Armour answers that if you ask three different people you will get three different answers, but typically in the order of eight to nine percent (8-9%) would be an appropriate range in this type of market environment. It is expected to have a clear premium over that is sustainable for the long term.
Mr Bas Rutten, representing Triados Investment Management, has two remarks. The first refers to the sustainability report. He was not able to get the final published report until this morning but he mentions that all would agree that, in an increasing way, sustainability performance of a company like Reed Elsevier is part of the overall analysis of the performance of the business. He requests to have the figures available next year at least three weeks before the Annual General Meeting of Shareholders.
The second request is with regard to non-sustainable paper usage. He first wishes to give a compliment to the Company that the non-sustainable paper usage has gone down over the last year. Currently seventy percent (70%) of the paper used is certified as responsibly harvested. He would like to see that percentage going up to hundred percent (100%) and he would like to receive a clear indication from Reed Elsevier that it will get there.
Mr Mark Armour responds to the first query in relation to the sustainability report and agrees that the report should be provided earlier next year. As to whether the three weeks goal will be met, he is not sure about that but will certainly make the effort in that direction. He also sympathises with the remark that certain of the KPI's should be actually be within the annual report. He will not promise that they will get there next year, but they will certainly be moving substantially in that direction.
On the non-sustainable paper usage, we hope that we will have almost all the paper usage by the end of this year graded by the PREPS system. He is not promising, but will endeavour to get there. As a more general point, Reed Elsevier takes the CSR side of business very seriously. He thinks that Reed Elsevier regards itself, hopefully not wrongly, as forces for good in the world in terms of spreading of scientific knowledge, of good medical practice, of rule of law and all of that through different parts of the business. The Company sees itself both having an influence on the non-negative side which is the use of sustainable forests and so on, but also on the sort of positive side generally in terms of a contribution towards society.

Mrs Saskia Verbunt, representing the association of investors for sustainable development (VBDO), concurs with Mr Bas Rutten regarding the publishing of the CSR report earlier than this year but is also happy that it is a clear CSR report, which includes both qualitative and quantitative information on most material issues. She has a question regarding the Socially Responsible Supplier programme. Reed Elsevier uses this programme to deal with sustainability in the supply chain. Reed Elsevier succeeded to expand this database. The Company was unable to increase the number of signatories to eighty percent (80%). In 2009, only fifty percent (50%) of the suppliers signed the Supplier Code of Conduct. This is a decrease compared to last year, while the report also states that over the last two (2) years all new suppliers are required to sign the Supplier Code as a condition of doing business with the Company. Moreover, for the coming year Reed Elsevier wants to improve the number of signatories with ten percent (10%) which will still be below the original target of eighty percent (80%) signatories. How does Reed Elsevier explain this and what percentage of the total suppliers is part of the SRS database? Why is it not possible for Reed Elsevier to get eighty percent (80%) of the suppliers to sign the Supplier Code? Her last question concerns the environmental KPI's. It is striking that Reed Elsevier worsened on all but two environmental KPI's. One of the reasons mentioned is an expanding business. Does Reed Elsevier take environmental aspects into account when taking decisions related to expanding the business and what significant changes will the Company make to ensure that the target will be met by two thousand and fifteen?
Mr Mark Armour responds by saying that he answered earlier on timing and that he certainly feels that the timing is not adequate and that they will work towards improving that. With respect to the supplier base, what perhaps has not been picked up from the report is that this is being taken ever increasingly seriously and that the number of companies to which the criteria is applied is expanding. In two thousand and eight the seventy-four (74) number that we achieved was on a base of three hundred sixty-eight (368) key suppliers, meaning that two hundred and seventy-two (272) companies signed up to the Supplier Code. Last year the base that we were looking at increased to five hundred and eighty-nine (589) as we expanded this programme. So, fifty percent (50%) of five hundred and eighty-nine (589) is two hundred ninety-four (294) that is twenty-two (22) or eighty percent (80%) higher than the number that we had signed up for in two thousand and eight. This is being taken ever increasingly seriously, the supplier base to which this programme is applied is expanding and therefore is achieved an ever increasing number of suppliers signing up. The percentage has gone down as a consequence of a more and more rigorous approach across the Company. Progress is good and will continue.
With regard to the point of taking the KPI's and how they are moving: They have moved downwards overall, but that is because the business has expanded and thus the baseline has changed. If you take them as a percentage of intensity results, each one of them has improved. So it is only the expansion of the business which has shown the numbers in a very crude overall sense to have risen. Reed Elsevier does take these things seriously when expanding. And if you would like to, Marcia Balisciano, who is responsible for all of this within the organization, is here today and you would be very welcome to talk to her after the meeting.
The **Chairman** asks if there any other questions. He continues that if there are no further questions the chairman then notes that the discussion of the annual report of two thousand and nine has now been concluded.

3. Broad outline of the corporate governance structure of the Company and compliance with the amended Dutch Corporate Governance Code/Corporate Governance Statement 2009

The Combined Board has assessed and reviewed the corporate governance structure of Reed Elsevier N.V. in the light of the Dutch Corporate Governance Code that is applicable as of the first day of January two thousand and nine. In accordance with the recommendation included in the new Dutch Code, a discussion of the Company's corporate governance structure as outlined in the corporate governance statement for two thousand and nine, is tabled on the agenda as a separate item. The corporate governance statement is part of the Annual Report and the Company has opted to publish its corporate governance statement on the Reed Elsevier website. It is attached as Annex 1 to the explanatory notes to the agenda.
Reference is also made to the section 'Structure and corporate governance' on pages 56 through 61 of the 2009 annual report. The corporate governance statement provides a full description of the corporate structure of the Company, the boards, its committees and the application by the Company of the Dutch Code and the compliance with the Combined Code. The Company applies the best practice provisions of the Dutch Code except for those provisions that are not fully applied as set forth in the corporate governance statement and the Annual Report pages 163 and 164. The Combined Board is assessing whether to restructure the governance of Reed Elsevier N.V. to establish a one-tier board governance structure in anticipation of the proposal to enact legislation in the Netherlands civil code to formalize the one-tier board structure. The Combined Board of Reed Elsevier has further reviewed the Company's rules and regulations relating to corporate governance, such as the rules for the boards of Reed Elsevier N.V., the profile of members of the Supervisory Board, the apply or explain list and its policy of bilateral contact with shareholders. These documents have all been updated and revised in light of the amended code and are available on the Company's website. The Combined Board of Reed Elsevier believes that Reed Elsevier's corporate governance is the most appropriate for it at this point in time. The **Chairman** finishes and asks if there are any questions or observations.
Mr Keyner refers to the extraordinary meeting of shareholders earlier this year in which he asked some questions in relation to the observations. Answering these questions was deferred to this meeting. He repeats his questions to Mrs Van Lier Lels and asks her what her first impressions are about corporate governance within Reed Elsevier and which areas deserve a review or could be considered.
Mrs van Lier Lels thinks it is up to the Chairman to answer these questions.
The **Chairman** comments by saying that the corporate governance of the Company is sound. He feels that the members of the Supervisory Board are well-balanced in terms of their backgrounds and their resumés, their curriculum vitae. He thinks that each of them contribute very strongly towards an overall balance and a board should be an overall balance. A board is not an individual show by anyone and one board member, and when they seek to evolve a board, when they appoint people they seek to maintain that balance. They did an extensive search with an outside executive search firm when they were appointing Mrs Van Lier Lels and they feel that she fits extremely well into the requirements they had for somebody who could have particular knowledge of particularly the Dutch labour relations, works councils and all of the other aspects of business which are more local, as well as having the ability to contribute in a major way to the Company overall.

Mr Keyner asks the same question in a slightly different way and wants to know whether the experience or the views from Mrs Van Lier Lels resulted in any kind of modification in the view of the board as a total so far, which means that indeed the corporate governance of Reed Elsevier is as sound as they thought it was.
The **Chairman** responds by saying that there are no immediate changes as a result of Mrs Van Lier Lels joining the board. Will they, in the course of proper board evaluations going forward over the next year or two take her views into account along with everyone else? Of course they will. Will that have an impact? He is sure it will.
Mr Keyner finishes by asking why the Chairman is resisting a shareholder to ask questions directly to one of the non-Executive Board members and that the non-Executive Board member answers a shareholder directly? What is the principal issue?
The **Chairman** reacts by saying that there were a number of questions to a number of people on different things. He thinks that the question of 'what are your first impressions' is perhaps not entirely a fair one to ask to a non-executive coming in.
The **Chairman** continues that as there are no further questions he notes that the discussion of the corporate governance structure of the Company has now been concluded.

4. Adoption of the Annual Financial Statements 2009

The **Chairman** proceeds to the adoption of the Annual Financial Statements 2009 as contained in the Reed Elsevier Annual Reports and Financial Statements two thousand and nine. The statutory financial statements of Reed Elsevier N.V. in euros are in pages 161 up to and including page 183 and must be read in conjunction with the financial statements of Reed Elsevier's combined businesses on page 81 through 122. These are in pound sterling and on pages 123 to 137 the results of the combined businesses are also summarised in euros. The complete Combined Financial Statements in euros are available on the Reed Elsevier website. In note 11 to the Combined Financial Statements on page 103 you will find a reconciliation of the adjusted figures to reported figures. The adjusted figures are used by Reed Elsevier as additional performance measures.
The financial statements were drawn up by the Executive Board and audited by their accountants Deloitte Accountants B.V., Amsterdam. Their unqualified opinion on the financial statements can be found on page 178 for the consolidated financial statements and on page 182 for the parent company financial statements. Deloitte's report and opinions regarding the financial statements for the combined businesses can be found on page 122 of the Annual Report.
The adoption of the Annual Financial Statements by the General Meeting of Shareholders in accordance with article 2:103 subsection 3 of the Dutch Civil Code and article 31 sub-section 1 of the articles of association is now on the agenda. The Audit Committee has discussed the financial statements with the Executive Board, the Supervisory Board and the external accountant. Subsequently, the financial statements have been discussed by the Executive Board and the Supervisory Board with the external accountants from both the Amsterdam and the London offices of Deloitte.
The Executive Board proposes to the shareholders' meeting to adopt the Annual Financial Statements 2009 and the proposed allocation of the net results.
Are there any questions or remarks?
Mr Keyner has two points on the financials which he would like to address, the first point concerns pensions, the second point is about goodwill and the other assets.
About pensions: he has noticed that a defined benefit system applies to part of the employees. In that case it is very important to look at the kind of assumed returns of

the investments of the pension fund. Going into details he noticed that the Company is assuming for its pension fund that eight six tenth percent (8.6%) long term return on shares will be achieved and seven percent (7%) on mixed portfolio. His first question is what made the Company take these pretty high assumptions of long term returns on shares and also on mixed portfolio?
The second question: what would the impact be if the mixed long term return of this portfolio would not be seven percent (7%) but five percent (5%)? Would that mean that Reed Elsevier has to contribute about one billion euros (€ 1,000,000,000) into the pension scheme?
The **Chairman** responds by saying that he will ask Mark Armour to answer specifically as to why they have chosen those numbers. What he would say generally is that an assumption has to be made about a return and they make a reasonable and sensible assumption and that goes in there. And the answer to his other question is in the ultimate of course it is the Company's responsibility to fund the pension schemes, in line with existing obligations. So, depending on the reason why the returns are not achieved, as the reasons for non-achievement of the returns may also mean that the liabilities have changed in some way or another. He asks Mr Armour if he wants to comment more specifically.
Mr Mark Armour comments on the assumptions. The assumptions are developed with independent actuaries who run long term returns tables as well as in terms of other aspects such as the discount rate and assumed life expectancy and inflation rates. All of these components come in and you will see that in fact the equity returns have come down from two thousand and eight to two thousand and nine. It is interesting also to note in two thousand and nine actually they saw an actuarial surplus arise because of investment return assumptions were too modest and actually just using the sterling figures in the combined accounts, the return on assets was three hundred million pounds (£ 300,000,000) more than was anticipated. This could change the following year. In fact the previous year it was seven hundred sixty-five million pounds (£765,000,000) less than the assumptions. So the actuaries are looking for the longer term returns and if you look at the correction that happened in the market, these sorts of returns are pretty usual and returns are bench-marked against what other people disclose, taking into account the assets that they have and the distribution. In fact on the flip side, liabilities actually went up more than they were assumed in the assumptions because of what had happened to discount rates. Discount rates had come down. Compared with the assumptions, the liabilities went up by two hundred forty-nine million pounds (£ 249,000,000), more than the prior year, because of a change in inflation assumption, which was increased. The previous year went the other way. **Mr Keyner** thinks he understands this explanation. He is not focussing on the liability side, because you can have lengthy discussions on that. The point he is trying to make is that eight six tenth percent (8.6%) net return long term over shares is pretty aggressive these days. He knows that in the beginning of this century, people thought that maybe nine or ten percent (9 or 10%) would be reasonable. You see that more and more companies are becoming more conservative and choose, six to seven percent (6 - 7%) for shares, probably high enough, and a return on mixed portfolio of about five percent (5%), maybe five five tenth per cent (5.5%), with bonds and everything included, which is probably also conservative and realistic enough. So the question he is really asking is: why do they take this kind of optimistic view about the long term outlook of the market since in the end if they are indeed too optimistic, it will be the Company which has to contribute huge amounts into the pension scheme.

And he thinks it is important for shareholders to understand indeed that there is a potential time bomb in here which they do not see very clearly because of the very optimistic assumptions.
Mr Mark Armour reacts that there is in fact a sensitivity table set out in the accounts which shows what would be the impact on the cash contribution each year if there was a change in discount rates or longevity or the inflation assumption or indeed a drop in asset values. A drop in asset values of five per cent (5%) across the board would represent an annual increase in cash cost of eight million pounds (£ 8,000,000). So these things are monitored quite carefully and disclosed. He can only repeat that they are looking at long-term returns, they are doing it with the benefit of the advice of independent actuaries and the reason that equity returns are higher than bond returns, is because of capitalism. The equity returns assume a risk premium otherwise people would not do it. If you look over whole series of time, you can see that these rates or returns are supported. The last point he makes is that the returns vary by geographic region. A significant amount of their portfolio is actually from the United Kingdom fund and the United States fund. In fact, the Dutch fund is a relatively small component of the total. The asset return assumptions in different geographies are also different, again, with the advice of independent actuaries.
Mr Keyner says that he does not think they can agree about what is realistic for the pension fund to assume as returns on the long term. But what he can ask: assuming that the seven percent (7%) is indeed too optimistic and that five percent (5%) for their whole portfolio in which would be more realistic, is it indeed correct that this would cost shareholders in the year you make this kind of decision several hundreds of millions of euros, probably close to one billion euro (€ 1,000,000,000)? Is that a correct estimate?
Mr Mark Armour responds that the cash contribution that they make to the scheme is based on actuarial calculations done at each valuation date. The biggest scheme they have by far, with two billion pounds (£ 2,000,000,000), is in the United Kingdom which has a tri-annual actuarial valuation, that they just had last April. So the cash contributions are based on that. The figures in the accounts are based on market-to-market value as based on IAS19. These are much more volatile and bearable as you see with a pension deficit and surplus going up and down like that every year, based on changes in market data. The pension contribution on the other hand is based on long term run rates which are assessed. So if there was to be, for instance, a significant drop in the stock market, they would have deficits recorded under IAS19 basis but the impact on the annual contribution would not be an immediate amount of that. They clearly have deficit recovery plans, certainly here in the Netherlands, in terms of the scheme, while there is a lot direct translation between a market-to-market volatility and a annual cash contribution, there is no direct correlation.
Mr Keyner comments that if there was a downgrade from seven percent (7%) to five percent (5%), maybe not cash wise, he agrees that officially it will not happen. In the end however it will come to the expense of your equity. That has to be.
Mr Mark Armour reacts that the stakeholders are the Company, the employees, the pensioners and the deferred pensioners. How the various rules, or the different schemes they have around the world falls in a sort of doomsday as Mr Keyner describes is difficult.
Mr Keyner disagrees that five per cent (5%) on a mixed portfolio is doomsday, but anyway, they disagree on that. A second question is about goodwill. In the annual report there was a sentence written that one of the focus points of the Audit

Committee was indeed the valuation of goodwill. He would like to hear if the Audit Committee has found anything which made the accountants in your company change the numbers. Then he would like to ask the same question to the external accountant.
The **Chairman** responds that the answer is negative from the Company's perspective. There was not a change as a result of that. Ben van der Veer here is a member of the Audit Committee (unfortunately the chairman of the Audit Committee is one of the victims of the travel chaos, so he is not here). He asks if Ben van der Veer would like to react briefly.
Mr Ben van der Veer mentions that he can only repeat what the Chairman said earlier, the answer is no. Of course, in these circumstances you look at possible impairments and you do that every year as an Audit Committee with the financial staff. The answer was clearly: no signals and no changes.
Mr Mark Armour asks the Chairman if he could perhaps comment. They did take an impairment charge in two thousand and nine, both against goodwill and in tangible assets. And that was in accordance with our normal procedures for evaluating the values of goodwill and tangible assets.
Mr Keyner requests to hear the same thing from the external accountant.
Mr Hopmans, external accountant, confirms what the management just said. A robust analysis has been made and the accountant confirms that analysis.
The **Chairman** determines that there are no further questions. He asks all to vote on the proposal to adopt the 2009 Annual Financial Statements. He hopes that the technology will work. If the voting card has been inserted properly, your name should appear on the display of your voting handset and you may vote by pressing one for yes as we said earlier, two for no and three for abstain. He will announce when voting is closed and the display on your handset will show that your vote is being processed.
The **Chairman** establishes that a majority has casted their votes in favour of this resolution and that therefore the 2009 Annual Financial Statements of the Company have been adopted.

5. Release from liability of members of the Executive Board and Supervisory Board

The **Chairman** continues that now the Annual Financial Statements have been adopted, he requests that in accordance with article 31, sub-section 2 of the articles of association, the meeting releases the members of the Executive Board from liability for their management during the two thousand and nine financial year and release the members of the Supervisory Board from liability for their performance and in particular their supervision of management. As regards its scope, the release of liability shall be limited to what is apparent from the Annual Report and the Financial Statements and is explained during the meeting, as well as from other official disclosures by the Company.

5a. The release from liability for members of the Executive Board.

Firstly the **Chairman** puts item 5a on the agenda to the vote: the release from liability for members of the Executive Board. Does anyone wish to address the meeting?
Mr Annink, a private shareholder from Amsterdam, wants to take this opportunity. Last year he attended the meeting and he had some concerns about Reed Elsevier. These concerns were related to the switch that was required. A major acquisition in the United States was up-coming and today he was informed that the adventure ended quite well. He nevertheless was concerned by the large amount of money that had been borrowed, a full billion of debt. What really concerned him was the leadership of the Company. Shareholders that have been attending these meetings for a long time

know that a group of wonderful companies has been gathered under the umbrella of Reed Elsevier. These companies perform very well in the markets. At the same time there have been years when Crispin Davis told us wonderful stories about wonderful performances, but when he left two (2) years ago, there was no successor. He continues that Ian Smith has been appointed as his successor with very high expectations. The Supervisory Board supported his candidature and his nomination. At the time, no one in the Management Board could take over from him. The circumstances were very difficult, it has been already said in the report of the Management Board. What happened is that members of the Supervisory Board came to the conclusion that Mr Smith was not quite the right man in the right position. The shareholders only know the outcome of this discussion and what was published in the media. He had hoped that in today's introduction, the supervisory directors would inform them about this major change in leadership. His impression is that today in the way things have been presented by the new Chief Executive Officer, some clarity has been added and some trust has been added and he thinks that that is a very positive outcome. However, before they grant release from liability to the members of the Supervisory Board and the managing board, Executive Board rather, he would like to have some more information about the course of events, about the considerations that have brought the Supervisory Board to appoint a new Chief Executive Officer and then another one eight (8) months later. In other words: he asks to be provided with some more clarity and maybe a description of the process of the reasons, the rationale that they have followed, including the elements that are important for shareholders. Their concern obviously is the capacity of the Supervisory Board to exercise scrutiny.
The **Chairman** thanks Mr Annink for his questions and remarks that he was appointed in June 2009. The appointment of Ian Smith in retrospect was in all of their views a mistake. Every time an appointment of a new person to a new role was appointed, a big risk is taken. Mr Smith's qualifications were light in experience, both of the media sector, of the relevant technologies and the running of a big international organization. What, he thinks, was unfortunate for him and for the organization is that his appointment, which was decided in the autumn of two thousand and eight, so pre-Lehman, was coinciding with a full force of the economic turmoil as it hit their business. The business was hit later than some other businesses but it was hit almost exactly at the time when he was taking over. So he probably ended up in an almost impossible situation. He was put in the position of running the Company with a relatively limited amount of experience at the very time when you most needed a firm hand on the tiller, when you most needed to be able to have the instincts to guide the Company correctly. The Company, the Supervisory Board and Ian himself mutually came to the conclusion that this was not going to work, to take the decisions that needed to be made in a very, very difficult - unprecedented in his business experience - period for the Company. So the Supervisory Board, including those members who had been partly responsible for appointing him, without of course the chairman of the Nominations Committee at the time, who had by then left the Company, but decided that with Ian, that the right thing to do was to make a change. We all take big risks when we appoint anyone to a new job. The important thing is, from a governance perspective, is if you feel it is wrong, to change it and not to continue with it.
The **Chairman** continues by saying that Mr Annink mentioned that Crispin left without a proper succession planning. He cannot judge on that. He thinks that they have now appointed an excellent Chief Executive Officer from within the Company. It was judged at the time that he had not got enough experience within the Company

to do so. Two years later, in his view, he most definitely does. You can say: there we go again, as a Supervisory Board or the Chairman saying this is great and they will turn around and it will be a disaster. Of course you always take risks. As mentioned in the introduction of the meeting, he believes this is started really well. The organization has a completely different feel. The other thing he would say is that when you make a change like this, in his experience, you are behind the organization. The organization already knows that change needs to be made. The organization has a quite different feel to it now than it did then.
Mr Annink reacts that things have become clearer and he does understand the perspective of the Supervisory Board and he is very glad to hear that such an important and difficult decision has been taken quite rapidly, because it happened within the scope of about two (2) weeks he believes. He is very glad to hear that and today he has been given greater confidence in the current leadership, which is even more important. He hopes that in London tomorrow at that Annual General Meeting of Shareholders the Chairman will also share some information about the course of events.
The **Chairman** will be very happy to do that. The one thing he did not say which he would like to add, is that when in the process of appointing Erik now, they did engage again, an executive search company and they did a complete worldwide search, quite quickly as you can imagine, to ensure they were doing the right thing here. So this was a proper search they have done. He started actually, as he does with these sort of things, to get to know people in the industry so he started using that right at the beginning, not for this purpose, but in order to know some other people so he could move very quickly when it was needed to do so.
Mr Keyner first gives his compliments to Mr Annink for the way he presented his last question and also the Chairman for answering it pretty open, very direct. He has a small question to add. If it was that Mr Ian Smith did not have the right profile, could not handle the kind of economic crisis, just not the right person for the job, how is it possible that he left the Company with two million two hundred thousand pounds (£ 2,200,000) of which about half a million pounds as a bonus. You get a bonus if you do something extraordinary, if you do something great. So it is one of both: either he is great and he was sent out because of different reasons, emotional reasons, personalities, whatever, or something is wrong with the bonus system. He asks if this could be explained.
The **Chairman** explains that Mr Ian Smith was with the Company for nearly a year. He left in the middle of November, he jointed the first of January. He was promoted to Chief Executive Officer in March. Part of the amount paid was his salary. When a person leaves the Company, there is a minimal contractual obligation to that individual. Mr Smith was paid seven (7) months of salary as termination basis. He was entitled to twelve (12) months, he got seven (7) months. The other five (5) is subject to mitigation. If he gets any other sort of employment it gets subtracted from that amount. That is entirely standard and the approved way of doing these things. He earned a bonus based on the financial results of the Company entirely in line with everybody else's bonus that they would achieve for those eleven (11) months. That was his entitlement after having been there for eleven (11) months. The amount that he got came out of the financial results of the Company against the targets that had been set by the remuneration committee, etcetera. He thinks it is entirely standard. The thing which he thinks is exceptional here, is that the Company has no pension obligations to him and there are absolutely no long term incentive plans or share plans

or anything else that is outstanding to him. So it sounds like a lot of money but he thinks it is the absolute minimum that he could have got leaving at that time within his contract.

Mr Keyner thanks the Chairman and mentions that it is more an emotional comment. It is strange when somebody does not do his job well and gets a bonus. Either you are good or not and if you are not so good you should not get a bonus. That is maybe more emotional than purely your system.

Now there are no further questions on the resolution to release from liability of members of the Executive Board, the **Chairman** enables voting on this resolution and subsequently, establishes that the meeting has voted in favour and that the resolution has been adopted.

5b. The release from liability of members of the Supervisory Board.

The **Chairman** puts item 5b on the agenda, which is the release from liability of members of the Supervisory Board. The **Chairman** enables voting on this resolution and subsequently establishes that the meeting has voted in favour and that the resolution has been adopted.

6. Determiniation and distribution of dividend.

The **Chairman** moves on to the next item on the agenda, the determination and distribution of the dividend. The summary of legal rules in respect of dividend and profit allocation is on pages 40 and 183 of the Annual Report. The equalized final dividends proposed by the Combined Board of Reed Elsevier N.V. and by the board of Reed Elsevier PLC are twenty nine point three (29.3) eurocents for Reed Elsevier N.V. and fifteen (15) pence for the PLC. Together with the interim dividend of ten point seven (10.7) eurocents paid by Reed Elsevier N.V. on the twenty-eighth day of August last year, this equals a total two thousand and nine dividend of forty (40) eurocents. Compared to the prior year, this represents a decrease of one percent (1%). No share repurchases were made by either Reed Elsevier N.V. or PLC in two thousand and nine. The equalised dividend proposal for Reed Elsevier PLC and Reed Elsevier N.V. implies a distribution in total of five hundred fifty-four million (€ 554,000,000) to the shareholders of the parent companies. This represents approximately forty-seven one tenth percent (47.1%) of the two thousand and nine free cash flow. The dividend proposal is in accordance with the dividend policy approved by the general meeting in two thousand and five, whereby dividends shall normally in the longer term be covered at least twice by adjusted earnings. He refers to the dividend paragraphs on pages 7 and 40 of the Annual Report. He provides an opportunity to discuss the dividend proposal.

Mr Heyneman, a private shareholder from The Hague asks why the dividend will only be in cash and not in shares. He is almost sure that the majority of the shareholders is living abroad and they all meet the difficulty with the local tax authorities to get back the dividend which the Company immediately has to pay to the local tax authorities. Also, he thinks it will give a stimulus to the shareholders to improve the trust in the Company because it is likely that the shares perhaps will show improvement, better performance during the forthcoming time. He proposes to have the option next year to opt for dividend in shares.

The **Chairman** thanks Mr Heyneman and he is delighted to hear that he wants to take his dividend in shares. There is a dividend reinvestment plan in place for the Company, so Mr Heyneman should be able to get your dividends through that in shares.

Mr Heyneman asks what the procedure is.

Mr Mark Armour responds to that question and refers to the information set out in the Annual Reports. There is a dividend reinvestment plan whereby effectively cash dividend is used to purchase additional shares. But they do not have a scrip issue as such in terms of the dividend. Part of the reason is because of the double headed structure that Reed Elsevier has with Reed Elsevier PLC and Reed Elsevier N.V. and the equalisation between the sets of shares and so. If they would have for instance shares being issued out of one side and not the other that changes the balance in terms of economic ownership of the two sides. So at the time of the merger the scrip dividends were actually ceased as an option. But it is certainly something that we could keep under review, but that is the background.
Now there are no further questions, the **Chairman** continues with the vote on the dividend proposals and the **Chairman** establishes that the meeting has voted in favour of the dividend proposals and thus that the resolution has been adopted. Final dividend will be payable from the twenty-first day of May two thousand and ten and the shares will be traded ex dividend from the twenty-second day of April two thousand and ten. The dividend proposal will be published on the twenty-second day of April in Het Financieele Dagblad.

7. Appointment of external auditors.

The **Chairman** continues that the Audit Committee has conducted a formal review of the performance of the external auditors during the audit for the financial year ended the thirty-first day of December two thousand and nine and of their independence in respect of the Board. On the basis of this and in view of Deloitte's planning and execution of the audit work, the Audit Committee has recommended the re-appointment of Deloitte Accountants B.V. as external auditors of the Company for the audit of the financial statements and the results for two thousand and ten. Reference is made to the Audit Committee report on pages 79 and 80 of the Annual Reports and Financial Statements for two thousand and nine.
In accordance with the Audit Committee's recommendation, the Supervisory Board proposes that Deloitte Accountants B.V. of Amsterdam will be re-appointed as the Company's external accountants for a period that will cease at the Annual General Meeting of Shareholders in two thousand and eleven. For their audit of the results and financial statements of the Reed Elsevier combined businesses the external auditors will co-operate with Deloitte LLC London, who are proposed to be re-appointed tomorrow by the AGM of Reed Elsevier PLC. The **Chairman** concludes there are no questions and therefore he continues with the voting. The **Chairman** establishes that the meeting voted in favour of the proposal and that therefore the resolution has been adopted and accordingly Deloitte's Accountants B.V. Amsterdam has been appointed as the Company's external auditors until the Annual General meeting of Shareholders in two thousand and eleven. The conditions of this appointment will be determined by the Supervisory Board in accordance with proposals from the Audit Committee.

8. Composition of the Supervisory Board

The **Chairman** moves on to the next item on the agenda. This is the composition of and changes in the Supervisory Board. He refers to the explanatory notes to the agenda and the biographical information concerning candidates for re-appointment contained therein. As for the rotation schedule adopted by the Combined Board, Mr Polet is standing for re-appointment as a member of the Supervisory Board at this Annual General Meeting of Shareholders. Mr Van der Veer and Mr Habgood will retire in accordance with the articles of association of Reed Elsevier PLC at the Annual General Meeting of Shareholders of Reed Elsevier PLC that will be held

tomorrow. In accordance with Reed Elsevier's governance arrangements, members of the boards of the respective parent companies stand for re-appointment by both sets of shareholders at the same time. In light of these governance arrangements, Mr Van der Veer and Mr Habgood are standing for election at the Annual General Meeting of Shareholders of Reed Elsevier PLC and are therefore standing for re-appointment as members of the Supervisory Board of Reed Elsevier N.V. here today.
The **Chairman** announces that Mrs de Boer-Kruyt will retire at the end of this meeting and is not available for re-appointment. Mrs De Boer-Kruyt has served ten (10) years as a member of the Supervisory Board. All vacancies will be filled in accordance with the profile adopted by the Supervisory Board. This profile is available on the website of the Company and at the entrance of this meeting room. Based on the outcome of the assessments by the Corporate Governance Committee of Reed Elsevier, the Nominations Committee recommends the re-appointment of these members of the Supervisory Board, each of whom has indicated his willingness to serve. In accordance with the recommendation of the Nominations Committee the re-appointment of these members of the Supervisory Board is recommended by the Combined Board. Messrs Polet, Van der Veer and Habgood are all eligible and have all stated their willingness to accept the re-appointment. Two of these candidates hold securities in the Company as set forth in the biographical information on page 11 of the explanatory notes of the agenda. All comply with the independence criteria of the Dutch Corporate Governance Code. For further details please again refer to the explanatory notes of the agenda. Please note that the merger arrangements with Reed Elsevier PLC as laid down in the governing agreement provide for board harmonisation of the boards of Reed Elsevier PLC. and of the N.V. This means that the candidates for re-appointment at the N.V. have also been nominated for re-election as non-executive directors of the PLC at their Annual General Meeting of Shareholders that will be held tomorrow. The **Chairman** finishes whether there are any questions.
Mr Keyner takes this opportunity and mentions that he read in the notes in the agenda that the Corporate Governance Committee reviewed the functioning and the composition of the whole board and also reviewed the effectiveness of the whole board and the way the Company is being organised. He asks if the Corporate Governance Committee also included some kind of perspective on the rather complicated structure of the Company with the dual listings. He can imagine that in the end throughout the Company, for instance in the financial arena, but also meetings need to be attended in two places. He asks if they have reviewed at some point the kind of necessity of the complex structure which Reed Elsevier has or if they are considering something which Shell decided a few years ago and successfully implemented by really merging the two companies with single listings.
The **Chairman** responds that they are considering it regularly. His own view is that Mr Keyner's assumption that the dual listing in any way restricts the ability of the Company to be managed in an efficient, effective and timely manner is incorrect. He does not feel for himself that it is a big burden to come here to a meeting like this, even when travel conditions are difficult. It is a very simple structure, because the Group plc board which is the holding company below the two parent companies, runs effectively as a single company. After ten and a half months he would say that he has not experienced inconvenience from this structure. They will keep reviewing it. He does not think to loose financial and fiscal efficiency by combining such.

Mr Keyner reacts that logistics are one thing, but the second thing is a bigger concern. This is more in the financial arena. He reads lots of these reports and he must admit it takes him a little bit more time to really understand the kind of numbers they are talking about when they are dealing with Reed Elsevier. He can imagine that behind the scenes lots of work needs to be done to really get the numbers straight considering the structure. His question is if there will be hardly any differences, will it not becoming more simple to merge into one company?
The **Chairman** reacts that it would be very, very marginally more simple. Frankly, the difficulties of running a big international company are there for any big international company. You know you have all these questions of dual reporting in constant currencies. Many companies listed on the London Exchange now are reporting either in pounds and dollars or in pounds and euros or in all three. Frankly, he does not really feel it makes any difference, or it should be a very, very marginal difference.

8a. Re-appointment of Robert Polet.

The **Chairman** wishes to continue now there are no further questions and proceed with the voting for item 8(a), the re-appointment of Robert Polet. The **Chairman** establishes that the meeting voted in favour of this resolution and concludes that Robert Polet has been re-appointed for a maximum period of three (3) years ending at the closing of the Annual General Meeting of Shareholders at two thousand and thirteen. He thanks all for their confidence and once again he is sorry that Robert is not here. He drove down the coast to try and get on a ferry and failed to get on a ferry to come over. So unfortunately he is in London. He would like to congratulate Robert Polet on his re-appointment.

8b. Re-appointment of Anthony Habgood.

The **Chairman** carries on with agenda item 8(b). As this concerns his own re-appointment, he passes over to Ben van de Veer to deal with this agenda item.
Mr Ben van der Veer takes over and states that Antony Habgood was appointed member of the Supervisory Board at the Annual General Meeting of Shareholders held on the twenty-sixth day of May two thousand and nine. He was subsequently appointed Chairman of the Supervisory Board by the Supervisory Board. In accordance with the Reed Elsevier governance arrangements, Mr Habgood is standing for re-appointment as a member of the Supervisory Board. In accordance with the recommendation of the nomination committee the Combined Board recommends that Mr Habgood is re-appointed as a member of the Supervisory Board. He asks if there are any questions.
Mr Ben van der Veer continues as there are no questions and he starts with the voting. He establishes that the meeting voted in favour of this resolution and concludes that Anthony Habgood has been re-appointed for a maximum period of three (3) years, thus ending at the closing of the Annual General Meeting of Shareholders of two thousand and thirteen. He thanks the audience for their confidence and he congratulates Mr Habgood and Reed Elsevier on the re-appointment and passes back to the Chairman to deal with the remaining items on the agenda.

8c. Re-appointment of Ben van der Veer.

The **Chairman** moves on to the next agenda item. Ben van der Veer was appointed as a member of the Supervisory Board at the Annual General Meeting of Shareholders held on the third day of September two thousand and nine. In accordance with the Reed Elsevier governance arrangements, Mr van der Veer is standing for re-

appointment as a member of the Supervisory Board. In accordance with the recommendation of the Nominations Committee, the Combined Board recommends that Mr Van der Veer is re-appointed as a member of the Supervisory Board.
The **Chairman** continues now there are no attendees who wish to address the meeting regarding this agenda item. After the voting he establishes that the proposal has been adopted and that Ben van de Veer has been re-appointed for a maximum period of three years, thus ending at the closing of the Annual General meeting of Shareholders in two thousand and thirteen. He thanks all for their confidence and he congratulates Ben van de Veer on his re-appointment.

9. Composition of the Executive Board.

The **Chairman** moves forward to the next agenda item which is the composition of the Executive Board. This item relates to composition of and changes in this Executive Board. He refers to the explanatory notes to the agenda and biographical information concerning candidates for re-appointment contained therein. As per the rotation schedule and adopted by the Combined Board, Mr Engstrom and Mr Armour are standing for re-appointment as members of the Executive Board. Both are eligible and have stated their willingness to serve.
Mr Erik Engstrom was appointed as a member of the Executive Board and CEO of the Elsevier division in two thousand and four and he was appointed Chief Executive Officer of Reed Elsevier in November of last year. Mark Armour was appointed in nineteen hundred ninety-nine as a member of the Executive Board of Reed Elsevier and as the Chief Financial Officer. Based on the assessments of the Corporate Governance Committee of Reed Elsevier, the Nominations Committee recommends the re-appointment of these board members, each of whom has indicated his willingness to serve. In accordance with the recommendation of the Nominations Committee and article 15 sub-section 2 of the articles of association, the re-appointment of these members of the Executive Board is recommended by the Combined Board. In accordance with article 15 subsection 7 of the articles of association the appointment will be for a period of three (3) years starting at the close of the Annual General Meeting of Shareholders and ending at the close of the Annual General Meeting of Shareholders in two thousand and thirteen. There is no limitation on the number of times that members of the Executive Board can be re-appointed. He asks if anyone wishes to speak about the re-appointments.

9a. Re-appointment Erik Engstrom.

The **Chairman** continues with the voting on proposal 9(a) which is the proposed re-appointment of Erik Engstrom. He notes that the proposal has been adopted and thus that Erik Engstrom has been re-appointed as a member of the Executive Board. The Executive Board will re-appoint Mr Engstrom as chairman and as Chief Executive Officer. He thanks all their confidence in the candidate and congratulates Erik.

9b. Re-appointment of Mark Armour.

Under agenda item 9(b) the **Chairman** invites all attendees to vote on the re-appointment of Mark Armour. He establishes that the proposal has been adopted and that Mark Armour has been re-appointed as a member of the Executive Board for a maximum period of three years thus ending at the close of the AGM in two thousand and thirteen. He thanks all for their confidence and congratulates Mark.
The **Chairman** thanks all ladies and gentlemen for their confidence in the candidates and he congratulates them and Reed Elsevier on these appointments.

10. Amendments to the remuneration policy and proposals for new long-term incentive arrangements.

The **Chairman** moves on to the next agenda item which is the remuneration: the amendments to the remuneration policy and proposals for the new long term incentive arrangements. Extensive information about these plans has been provided as part of the explanatory notes to the agenda in order to ensure a high level of transparency. He asks if there are any questions to himself or to the chairman of the Remuneration Committee on these items?
Mr Bas Reuter, representing Triodos Investment Management and also on behalf of Robeco, has a questions regarding the remuneration policy. In February the Company and Mr Elliott discussed remuneration plans with institutional investors in the Netherlands. He wishes to thank him for that. After these consultation meetings, Triodos and Robeco sent a letter expressing their concerns about the structure, the content and substance of the policy. It essentially concerns the complexity and the size and scope of remuneration. The fact that complexity was and still is an issue is demonstrated by the fact that after Reed Elseevier received the letter from Triodos, the proposal that was forwarded to them by Reed Elsevier was corrected on the part regarding the potential maximum payment. Now if they interpret the proposal correctly based on aggregation, the maximum remuneration for the Chief Executive Officer and Chief Financial Officer would amount to nine (9) times basic salary and if they compare that to other Dutch companies it is considered to be excessive. The future potential total remuneration package would therefore be higher than the current theoretical maximum of seven (7) times the basic salary. An analysis of an external party regarding an expected multiplier as compared to the previous system does not really affect that. The remuneration structure in general is rather aggressive in his point of view. The variable part is rather high and the difference between minimum and maximum pay-out is theoretically more than factor twelve (12). He thinks it would be more appropriate to have a more conservative mix of fixed and variable remuneration, which would fit the culture better, the company profile and the results of Reed Elsevier. An additional comment with a different nature is that it would be appreciated it if not only the financial performance targets will be considered in the payments but that also the sustainability targets will be integrated in the Reed Elsevier Growth Plan. These are currently only considered in the annual incentive plan. Based on these comments on the process so far and the outcome they will vote against this proposal. The questions is whether the Company will be capable of and prepared to take their concerns with regard to these plans into account in future.
The **Chairman** thanks Mr Bas Reuter. He responds that these new compensation systems for big international companies are actually very difficult to put in and he thinks this is perhaps a particularly difficult year to try and put one in given all the emotion and discussion there has been. Mr Reuters was not the only consultee, there were many other consultees among their shareholders. The rRmuneration Committee went to great lengths to try to take different opinions from the different shareholders from many different parts of the world into account in trying to come up with a scheme which is appropriate for Reed Elsevier. He can understand that Mr Reuter is saying that these schemes are rich relative to certain Dutch companies and they are certainly rich with respect to certain British companies as well. However one would have to differentiate very clearly between companies which are local to a country or to a region and companies which are truly global. There is a different sort of pay-scale that goes with the companies which are really competing in and competing for talent and companies which are operating in a truly global sense. This company really is one of those. Neither the Netherlands nor Britain represent a substantial part of the

business of either of these companies and they are all around the world. He thinks in terms of the pure size of the awards, these are very consistent with the history of the Company. This is a five (5) year scheme which is different than they have had before, but the levels of payout which they had externally verified both in terms of target and expected value are not high relative to the history of this company. He thinks the place where he would maybe feel that he has quite slightly different ground to Mr Bas Reuter is where he mentions that this is aggressive. To his view an aggressive scheme is a scheme that has a very steep slope, where there is lot of incentive to move up, particularly along a uni-dimension.
The **Chairman** continues that they try to create a balanced scheme. The maximum payout is a lot higher than the minimum payout, but in order to get to the maximum payout they have got to out-compete the competitive set both in sterling and in euros and in dollars, which is probably impossible to do given currency variations. In addition, to achieve earnings per share and return on capital you cannot just focus on a particular and aggressively pursue a single goal to the expense of a more balanced approach to the Company. So he feels it is aggressive in one sense of the word but it is not aggressive in another sense of the word and it is not forcing the management team to try to take a particular hill. You have got to do well across a very broad front to do this.
The **Chairman** continues that he believes Mr Bas Reuter mentioned in his submission to Reed Elsevier that he would like to see some more of the sustainability goals in the remuneration. What they have decided to do on that account is to have those to a degree incorporated in the KPO's of the individual managers rather than trying to put them into a longer term scheme. If you go back five (5) years the thinking in terms of sustainability, the science of it, what you would actually come up with would be different from what you come up with today. He thinks they are better off looking at those on an annual basis until we get more experience with how to do that perhaps in the longer term sense. So they did take consultation seriously, they took consultation with them but with a lot of other people seriously. They did make a lot of changes to the scheme as they went through and considered those things and they came up with a solution which they thought was a properly balanced scheme to motivate a new management team in circumstances which are difficult. So, they took his consultation very seriously. If he wants to come back and address some of those issues in more detail he should write in and they will try and respond.
Mr Bas Reuter mentions that they we will do so happily and he thinks they agree to disagree on one of the two hills of aggressiveness.
Mr Keyner concurs with the comments of Mr Bas Reuter. Before he goes into detail he would like to understand a little bit better how the new system works. As an indication how complicated the system is, he checked it with a colleague and they totally disagreed on what it meant. If the Chief Executive Officer buys three base salaries of personal shares, he understood that he will get three base salaries as a present, as a gift, as matching shares. Is that correct?
The **Chairman** responds with the question: does he get a gift? He does not think anyone gets a gift of anything in these schemes. There is no such thing as a free lunch.
Mr Keyner asks whether confirms that this means there will be no matching shares if the Chief Executive Officer buys three hundred percent (300%) personal shares.
The **Chairman** answers that this is not by buying them, he has got to achieve. You have got to achieve targets to earn them, which is not the same as a gift.

Mr Keyner responds that what he understood and at least that was written in the agenda here, they want to encourage the Chief Executive Officer to be a shareholder too. He understands that and to help him make this kind of decision, if he buys up to three hundred percent (300%) of his yearly salary in shares, he gets matching shares also for three hundred percent (300%)

Mr Mark Armour explains that the Chief Executive Officer is required to invest three (3) times his salary in the acquisition of shares in order to participate in the Reed Elsevier Growth Plan. Those shares are then required to be held for five (5) years and based on the performance against three (3) matrix, total shareholder return, return on invested capital, earnings per share, he may earn some, lose some or a full match of those shares, but only based on the performance over the five (5) years.

Mr Keyner asks whether these matching shares, if they choose this kind of performance and matrix, are part of the maximum nine (9) years of salary? How much is the maximum reward for the executive?

Mr Mark Armour confirms that it is part of the nine times salary.

Mr Keyner responds that the real question he has is: what made them decide to come with a scheme like this in today's environment? They say they have to fight for talent. Are they really afraid that Mr Engstrom will leave if they tell him 'you get a base salary of one million euros (€ 1,000,000) per year and if you perform very well you get another one or two million?

The **Chairman** answers that the Company is operating in a global market here. Competitors are international companies. Reed Elsevier itself is an international company. Nobody has come to him and said 'if you don't give me this I'm going to walk out'. He would not expect them to either. What, however, they have tried to construct here is a fair package within the context in which they are operating. And he believes that is what this is and what he would like to be proposing to the executives and he would like the executives to feel that that is what they had. That is what they have tried to construct here. Mr Keyner may feel that it is inappropriate from a point of view of a relatively small Dutch shareholder and that is true also of a relatively small British shareholder and it is true of an awful lot of companies. But that is not the world we are operating in.

Mr Keyner reacts that this comment was the standard answer he received a few years ago. In the meantime they also see that it is not only the small shareholders who have problems with this. The large institutional investors are also raising their concerns. So his question to the Chairman is, does not he sense that in the environment worldwide, so not only in Holland or in the United Kingdom, the people are getting more and more critical towards this kind of outrageous reward systems for executives?

The **Chairman** responds that he feels that there is a lot of resistance towards very high pay-outs to firstly the financial institutions and secondly other business. He feels that they are not sitting here anywhere near the edge of that world. If you look at the sort of packages that Bart Becht is on, he has performed extremely well, he has done very well, he has made a lot of money. They are however not talking about proposals which are remotely near to these sort of packages. Yes, it is a lot of money. He thinks it is fair in the context in which they are doing it. Otherwise they would not be doing it.

Mr Keyner continues saying that they disagree by far on this kind of potential reward. The question he still has is that he understood this system to be at least partly some kind of in-between system. There was an old system, which was fairly complicated. There is a temporary system for at least a year, which is not easy to understand quickly. The next year they will think about a new system for the future. What made them decide to come with a new complicated system just for one year and not saying ‘let’s wait another year before we really thought things through, discuss with some major shareholders here and there, and then come up with a final system which we can keep for several years?

The **Chairman** responds that first of all, this was a practical situation: appointing a new Chief Executive Officer in November and effectively no system, He had a new chairman coming of which they thought would be appropriate for running the Company. He would like to have a more balanced type of programme going forward. When he raised this in a meeting of the Dutch AEX chairmen, they thought that it was an interesting thing to do, bring forward a proposal at this time. But frankly, he does not think he has another option. If he is not happy with the incentive schemes that exists, he thinks it is his duty to bring forward with or through the Remuneration Committee a system which he feels is more balanced, more appropriate for the running of a company going forward. He did not want Mr Engstrom striving for the goals that were then in the policy before. So now Mr Keyner asks ‘why didn’t you do proper shareholder consultation? There was a lot of shareholder consultation. We did a proper, detailed job of shareholder consultation on this issue and we did it quickly. Frankly, because we need to put it in. He feels completely unapologetic about putting in a system now and putting it in as they have. However he feels if we have a system in, then at least we have got the whole thing off to what he would consider to be an appropriate and balanced start of this new regime.

Mr Velsen, a private shareholder from Uithoorn, has a couple of comments and a question. They are faced with this only now and maybe they are to blame. He does remember the early nineties when Mr Crispin Davis was put forward. There was this wonderful remuneration plan that was put to them. And what happened after three (3) to four (4) years: the share price continued to drop and it needed to be adjusted. His question is: how tenable is this high remuneration plan? He still wonders that if they agree or disagree with the plan in two (2) or three (3) years time, they need to adjust their plans anyway otherwise Mr Engstrom will be leaving.

Mr Mark Armour comments on that history. Crispin Davis came in at the end of the nineties, not the beginning. He was appointed in September nineteen hundred ninety-nine. Shareholders in the Annual General Meeting of Shareholders in April two thousand put in a new scheme, which was a three year scheme, going from two thousand to two thousand and three. It was a scheme that was based on total shareholder return, not relative to benchmark but in effect absolute share price and dividend yield. What happened is: the world collapsed, although the Reed Elsevier share price, both for PLC and N.V., did not. It wavered, it came off, but it did not collapse along with the rest of the market. But because the share price had not climbed at a compound rate of twenty-five percent (25%) per annum, the Long Term Incentive Plan did not pay out. So there was no reward for that period. In addition to the Long Term Incentive Plan, there were regular annual options which was typical to most companies, and those options are priced each year at the time that they are issued, typically around February/March after the results are announced. So it is true to say that the option price came down as the share price came down. But it was not a re-pricing of options, it was not a re-setting of established prices, it were new annual options which reflected the market conditions of that time. But the three-year long term incentive plan did not pay out and there was no reward for it.

The **Chairman** also responds that the plan is believed to be tenable or they would not be putting it in. He really believes that it will set the Company off on a new journey from where it is today and he thinks that the targets they have set, have been since such that the management should get on the ladder go up and then stop. The ladder is not very steep, it is not very aggressive, it is quite gradual along a number of different dimensions. The intention is that they should be on it and be striving to move up it. Who knows what the world will do to us, but it is designed to be tenable.
Mr Keyner moves to another topic with regard to page 29 of the agenda. It is about the TSR-ranking within their peer group which he understands to be a pretty large group. The question he has relates to the executives getting a one hundred percent (100%) of the performance shares awarded if they arrive in the third quarter while at the same time it says it is the highest twenty-five (25) percentile. So it is either the third or the fourth, but it seems to say both, or one of both, what do you mean here?
The **Chairman** explains that what is meant is that you have got to get to the top twenty-five (25) in order to get a hundred per cent (100%) in each group. The upper quartile is how you would do normally. They are all three different bits, because there is the euro bit, the dollar bit and the pound bit, so maybe you are confused with that too. It is indeed confusing and he is sorry about that, but they are trying to devise something which satisfies a lot of people. They have tried to make it so it is understandable and they have probably not entirely succeeded.

10a. Amendments to the remuneration policy and proposals for new long-term incentive arrangements.

As there are no further questions, the **Chairman** carries on with voting on agenda item 10(a) on the amendments to the remuneration policy. He establishes that the meeting voted in favour of this resolution to amend the remuneration policy has been adopted.

10b. Proposal for a new long-term incentive plan: the Growth Plan.

The **Chairman** continues that the next voting item on the agenda is 10(b), the proposal for a new long term incentive plan, the growth plan. He asks if there are any questions about the proposal for this incentive plan. As there are no questions, he establishes that the meeting voted in favour of this proposal and that the proposal has been adopted.

10c. The proposal for a new long-term incentive plan: the BIP 2010.

The **Chairman** continues with voting item 10(c) on the agenda, the proposal for a new long term incentive plan, the BIP 2010. He notes there are no questions in relation to this incentive plan. He then moves on with the voting and establishes that the meeting voted in favour of this proposal and that the BIP two thousand and ten has been adopted.

11. Delegation to the Executive Board of the authority to acquire shares in the Company.

The **Chairman** continues with voting item 11 regarding the delegation to the Executive Board for the authority to acquire shares in the Company. This is annually recurring business and in accordance with article 9 and the articles of association the Company may acquire its own shares on the basis of a resolution of the Executive Board. Delegation of the authority of the General Meeting of Shareholders is required. This delegation of authority is valid for a maximum period of eighteen (18) months from the date of this meeting. The General Meeting of Shareholders granted the Executive Board the authority to acquire shares in the Company on the twenty-second day of April two thousand and nine for a period up to and including the twenty-first day of October two thousand and ten. In accordance with article 9 of the articles of association it is proposed to again grant the Executive Board the authority to acquire shares in the Company through stock exchange trading or otherwise for a period of eighteen (18) months from the date of the Annual General Meeting of Shareholders and therefore up to and including the nineteenth day of October two thousand and eleven. This item is put on the agenda every year as circumstances may occur where the Executive Board should have authority to acquire shares in the Company. Although there is no intention at present to exercise this authority, it is considered prudent to maintain the flexibility that it provides. It is proposed to grant this authority for a maximum amount of ten per cent (10%) of the issued capital as stated in the articles of association. Prices applicable shall be within the margin stated in the explanatory notes to the agenda. The Chairman finishes by asking everyone to vote. The **Chairman** establishes that the meeting voted in favour of the proposal and declares that the proposal has been adopted.

12. Delegation of the Combined Board as authorized body to issue shares, grant options and to restrict pre-emptive rights.

The **Chairman** proceeds to item 12 on the agenda, which is also annually recurring business. Both resolutions renew authorities approved by the shareholders at the two thousand and nine Annual General Meeting of Shareholders. Under article 6 subsection 2 and article 7 sub-section 4 of the articles of association the Annual General Meeting may appoint the Combined Board as the authorized body to issue shares, to grant options and thereby to restrict the pre-emptive rights of existing shareholders. Pursuant to a resolution passed by the General Meeting of Shareholders on the twenty-second day of April two thousand and nine, the designation of the Combined Board as the authorized body to issue shares and to grant rights to subscribe for shares as referred to in article 6 of the articles of association was extended for a period expiring on the twenty-first day of October two thousand and ten. Under agenda item 12 (a), the Combined Board recommends and proposes to the General Meeting of Shareholders, for a period of eighteen months from the date of this Annual General Meeting of Shareholders and therefore up to and including the nineteenth day of October two thousand and eleven, in accordance with and within the limits of article 6.2 of the articles of association, to designate the Combined Board as the authorized body to issue shares and grant rights to acquire shares in the capital of the Company, provided this authority should be limited to ten per cent (10%) of the issued share capital of the Company at close of trading on Euronext Amsterdam today plus an additional ten per cent (10%) of the issued capital of the Company as per the same date in relation to mergers and acquisitions. In addition shares may be issued on exercises of share options that have been granted under authorities granted by the General Meeting in prior years, since this is implementation of existing commitments of the Company that have been entered into before. Item 12(b) is the necessary complement of the authority to issue shares and concerns a proposal to authorize the Combined Board as a corporate body that is entitled to restrict or cancel the pre-emptive rights of existing shareholders on an issue of shares or a grant of share options for a period of eighteen (18) months from the date of this meeting. It concerns issues of shares and grants of share options pursuant to resolutions of the Combined Board and the authority to restrict and cancel pre-emptive rights therefore also ends on the nineteenth day of October two thousand and ten.
After determining that there are no further questions, the **Chairman** invites all attendees to vote on the proposal as described in the agenda under item 12 (a) to

authorize the Combined Board to issue shares and grant options and to vote on the proposal as described in the explanatory notes to the agenda under item 12 (b) to authorize the Combined Board to restrict or cancel pre-emptive rights. The **Chairman** establishes that the meeting has voted in favour of both proposals and declares that the proposals have been adopted.

13. Any other business.

The **Chairman** asks whether any of the attendees has any other questions or observations.

Mr Dirksen, a private shareholder, asks if there are still personnel reduction programmes running.

Mr Erik Engstrom responds that at this point they have no-across-the-board Company programme to reduce personnel. However, as explained earlier in the presentation what he was saying about business by business and area by area, their different businesses are going through very different strategic challenges right now. Some of the businesses are seeing great growth, adding many people, other areas are seeing markets that are shrinking or even disappearing. So at any given point in time they have several areas of their business that are adding many people and several areas of their business right now that are going through reduction efforts and are reducing personnel. They have efforts going on in the Company in both directions in several different places. But there is no one across-the-board company programme to reduce the head count in the Company. There was a major restructuring programme announced over two (2) years ago if he is remembering right, that was launched then and that is sort of finishing off in the last stages but that is the two (2) year old announced programme. At this point they are working at unit-by-unit, area by area to adjust to the business conditions the business is living in.

Mr Heinemann, a private shareholder understood during the presentation that it was difficult to find a successor for Mr Crispin Davis. When he looks at the board of management, they are almost all from outside of the Company and they have to be exceptional. And for that reason they have to pay a sky high salary and sky high bonuses.

The **Chairman** respond that when looking back they have now appointed one of the internal candidates who was around at the time. Mr Erik Engstrom had gone from being with the Company three (3) years where he was being thought of very much in terms of progressing up the organization and indeed he is an internal promotion. But they are still looking in an international highly competitive arena. What he is looking at is trying to motivate and keep a management team in place in a very international business, which is very vulnerable to an international market place. That does however not mean they should not be competitive in terms of what is paid to him.

14. Close of Meeting.

The Chairman addresses the fact that Mrs Dien de Boer-Kruyt is retiring as a member of the Supervisory Board and he would like to formally thank Mrs De Boer Kruyt for her over ten (10) years of service to the Supervisory Board. She has contributed a great deal as a board member and the board are very sorry to see her retire. *Applause.*

As there is no further business to be conducted, the **Chairman** closes the meeting and again apologizes for rather a small board up there today.

Voting results.

The exact results of the votings are set out in a document provided to me, civil law notary, by the Company after the meeting, which document is attached to this deed (*Annex 2*).

Final.

In witness of the proceedings in the meeting, the original of the deed of record, which will be retained by me, civil law notary, is executed in Amsterdam, the Netherlands on the twenty-first day of October two thousand and ten. This deed is executed by Marrigje Elisabeth de Wilde, with office address at Strawinskylaan 10, 1077 XZ Amsterdam, the Netherlands, born in Kampen, the Netherlands, on the twentieth day of March nineteen hundred and eighty-four, who for the purposes hereof is acting as attorney authorized in writing of the Chairman, which authorisation is attached to this deed, and which person appearing is known to me, civil law notary and by myself, civil law notary at seventeen hours and six minutes.
(was signed) M.E. de Wilde; D.J. Smit.